K190

ACTION EAP-00

INFO	LOG-00	ACQ-00	CIAE-00	DODE-00	DS-00	VC-00	TEDE-00
	INR-00	L-00	VCE-00	AC-00	NSAE-00	NSCE-00	OMB-00
	PA-00	PM-00	PRS-00	ACE-00	P-00	SCT-00	SP-00
	SS-00	TRSE-00	T-00	IIP-00	PMB-00	DSCC-00	DRL-00
	G-00	SAS-00	/000W				

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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC IMMEDIATE 2798
INFO ARF COLLECTIVE
AMEMBASSY CANBERRA
AMEMBASSY WELLINGTON
NSC WASHDC
SECDEF WASHDC
USCINCPAC HONOLULU HI

RELEASED IN PART
B1, 1.4(B), 1.4(D)

C O N F I D E N T I A L JAKARTA 008545

E.O. 12958: DECL: 06/17/2009
TAGS: PREL, PGOV, PTER, ID
SUBJECT: CONGRESSIONAL STAFFERS MEET GOI OFFICIALS

Classified By: Political Officer John Rath. Reason: 1.5 (d).

[redacted]

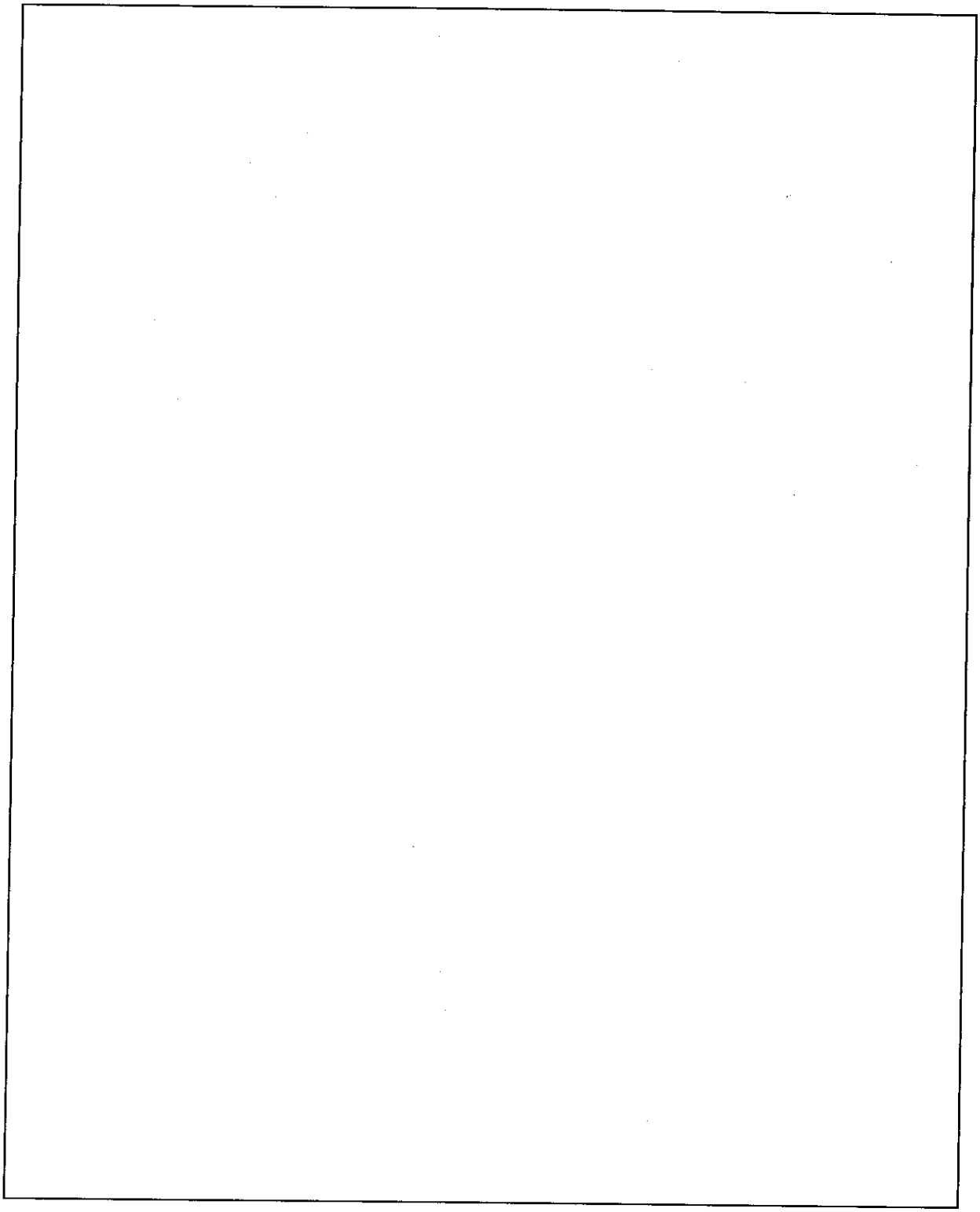
B1

A One-Man Full-Court Press by Wirajuda

2. (U) Sponsored by the U.S. - Indonesian Society (USINDO), the delegation consisted of: Mark Morrison from the office of

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: SHARON E AHMAD
CLASSIFICATION: CONFIDENTIAL REASON: 1.4(B), 1.4(D)
DECLASSIFY AFTER: 9 SEP 2024
DATE/CASE ID: 12 MAY 2009 200706444

Sen. Robert Bennett (R)- UT; David Morgenstern from the office of Sen. Lincoln Chafee (D)- RI; Jonathan Dilley from the office of Rep. Dan Burton (R)- IN; Jacob Kurtzer from the office of Rep. Robert Wechsler (D)- FL; and Brad McDonald from the office of Rep. Brad Sherman (D)- CA.



B1

Boediono on Indonesia's Development Priorities

7. (U) In his September 1 meeting with the delegation, Finance Minister Boediono noted that the Government had decided to freeze fuel prices in 2004 for political reasons. This had a slightly negative effect on the budget but more importantly, represented a large opportunity cost. The next Government would need to decide early in its tenure whether to sustain the current subsidy system. This might not be as difficult as it sounds, the Minister noted. If oil prices fall to an average level nearer to $30/bbl in 2005, several modest price hikes would be sufficient to bring subsidy spending to budgeted levels. This would give the Government more money to spend on development while maintaining an overall budget deficit of one percent of GDP.

8. (U) Boediono said the GOI's "march to a balanced budget" in 2006 or 2007 was assured. However, Indonesia's total debt stock is still too high at 60 percent of GDP. The Government hopes to bring this level to 30 percent of GDP within five years. Boediono said the new Government should target annual GDP growth of seven percent, which should be possible to achieve if there is a more favorable climate for investment.

9. (SBU) In the medium term, Boediono said the GOI needs to focus its resources in three areas: infrastructure, education, and health. Infrastructure bottlenecks are beginning to impact on GDP growth, and the Government needs to develop a model or framework for private sector participation in infrastructure projects. Indonesia's educational system is "a mess" at all levels, and more funding and better educational systems are needed. Indonesia's health system has also deteriorated, but there is

much that could be done with simple investments in clinics and pharmaceuticals.
BOYCE

NNNN